

AR42



D'OR VAL MINES LTD.

1980 Annual Report



Front cover:

Considerable amounts of free gold appear in this diamond drill core from hole No. 29 of D'Or Val Mines Ltd.'s Beacon property. While it assayed at 3,677.8 ounces of gold per ton, this spectacular sample is not considered representative of overall grade. Plans have been made to donate it to a mining museum in Quebec.



Corporate Information

Registered Office:

Suite 1004, 595 Howe Street
Vancouver, B.C. V6C 2T5

Transfer Agent:

Yorkshire Trust Company
900 West Pender Street
Vancouver, B.C. V6C 1L2

Board of Directors and Officers:

Frank A. Lang, P.Eng., President
Richard W. Hughes, Secretary
Joseph H. Montgomery, Ph.D., P.Eng.

Auditor:

Morgan & Company
Chartered Accountants

Solicitors:

DuMoulin & Black
Barristers & Solicitors

Stock Exchange:

Vancouver — Development Section
Ticker Symbol — DQA

Capitalization:

Shares authorized: 10,000,000
Shares outstanding: 2,935,001

Annual Meeting:

March 3, 1981

Consultants:

Prospecting Geophysics Ltd.
— Peter Ferderber
Val D'Or, Quebec
— H. Jack Bergmann, P.Eng.
Willowdale, Ontario.

Structure atop the Beacon #1 Shaft.

Area is expected to see the excavation of a decline ramp begin shortly. (Bottom) Source of unexpected revenues for D'Or Val Mines — two old ore dumps at the Beacon property. Tests indicated the 8,000 tons of material had an average grade of 0.08 ounces of gold per ton.





A message from the President

The past year has seen rapid development for D'Or Val Mines, particularly in the development of our gold and copper properties in northwestern Quebec. The company holds under option two adjacent properties, designated Louvicourt and Beacon — both situated about 10 miles east of Val d'Or, in a long-established gold producing region.

Following the recommendation of our consulting geologist, Jean Descarreaux, Ph.D., we proceeded with a development program, beginning with drilling on both properties. While gold showings occurred at many drillsites, we were most encouraged by results on the Beacon property. . . especially in the new "A" zone. Here in the area of a large anomaly, the company appears to be developing a new mine. We, therefore, now have the option to proceed with the decline ramp as previously planned for the Beacon #1 zone where 37,000 tons of 0.6 ounces per ton gold ore was reported, or to first conduct additional drilling on the "A" zone to more fully establish its size and economic potential.

The sale of ore from the Beacon #1 property will provide early cash flow which will aid development in other sections of the property, whereas drilling of the "A" zone will take months to determine size, grade and attitude. In addition to further drilling, our next efforts will include an intensive review of assay reports recently received from former operators.

Previous drilling programs also resulted in a number of copper showings, the most impressive being the "E" zone on the Beacon property. This zone contains an estimated 150,000 tons averaging 1.75% copper which will be further investigated when the price of copper returns to adequate levels.

Capital for 1980 development was provided through a prospectus offering in July (\$300,000) and a 'units' underwriting in October (\$952,396.50). Because the net proceeds of \$1,252,396.50 exceeded initial estimates, we were able to invest in a number of relatively low-risk oil and gas projects in the United States.

A working interest of 1.34% (1.14% net revenue interest) in three Texas tracts was purchased, subject to regulatory approval, from Mather Oil and Gas, Inc., of Vancouver, B.C. The properties, designated the Apple Creek, Glasscock and Texas prospects, are located in Survey and Glasscock counties, Texas. In addition, we have acquired a 0.238% interest in the Mather Oil and Gas Inc. F.C.D. 1980 "B" II program, comprised of 10 Oklahoma wells. Proceeds from these purchases will help to establish an early income base for D'Or Val Mines.

Unexpected revenues during 1980 resulted from the sampling of two old ore dumps on the Beacon property. Tests indicated 8,000 tons with an average grade of 0.08 ounces gold per ton. Milled under an agreement with Belmoral Mines Ltd., this will yield over \$150,000 for the company's treasury.

In the coming year, aided by commencement of mining at Beacon #1, we will greatly expand our development program in selected areas on our properties, especially in the newly discovered "A" zone. Having enjoyed excellent results to date, we are confident of continued progress in the months ahead.

On behalf of the Board of Directors,
D'Or Val Mines Ltd.

Frank A. Lang,
President.



D'OR VAL MINES LTD.

Easily seen here are two "plus" features of the D'Or Val property — its easy access to power and provincial transportation arteries. D'Or Val president Frank Lang (right) and Peter Ferderber of Prospecting Geophysics view a section of Highway 117 linking the nearby city of Val D'Or and Montreal.

History of the D'Or Val properties

The Louvicourt and Beacon properties of D'Or Val Mines are located within a well-established gold mining area. The properties lie along the southeast margin of Bourlamaque batholith — a granodiorite intrusion long associated with successful mineral exploration.

Gold was first discovered in the region in the 1930s, and since that period a number of commercially viable operations have been established. The most recent is the Belmoral Mine, which resumed production in last quarter of 1980. This is located only 4 miles northwest of the D'Or Val properties.

While similar in nature, the two properties held by D'Or Val have distinctive characteristics that merit individual attention.

The Louvicourt property

Also known as the Callahan property, this block of 10 contiguous claims covers a total area of 400 acres. Exploration work in the 1930s consisted of trenching and drilling, and concentrated on a zone of mineralized outcrops 2,000 feet in length by 300 feet wide. Interesting gold and silver showings were uncovered, particularly in the largest vein (known as vein #3). While no commercial production has taken place, the recent upsurge in gold prices has caused a re-evaluation of the property.

In 1976, an electromagnetic survey of the property detected three main anomalies, roughly parallel to the mineralized veins found on outcrops. Anomaly "B" in the centre of the property is considered a first priority drill target because of the possibility that it represents a shear zone: a very favorable host for gold and silver-bearing quartz-tourmaline-pyrite veins.

D'Or Val Mines optioned the Louvicourt property in 1979 and immediately commissioned an engineering report. As a result of this, a small drilling program was carried out, uncovering gold values ranging from trace to 0.21 ounces per ton. These results, combined with earlier findings, prompted a recommendation by our consulting geologist for additional drilling.



The Beacon property

This block of 32 contiguous claims covers a total area of 1737 acres, adjacent to the Louvicourt property. Gold was first discovered here in 1930, and subsequent drilling has revealed several zones of both gold and copper.

Three principal gold zones were uncovered by a variety of operators. The Le Roy vein in the western part of the property was developed in the early 1930s by Le Roy Mines Ltd. Old reports estimated reserves at 26,000 tons averaging 0.20 ozs/ton gold. At roughly the same time, Connell Mining and Exploration commissioned extensive work on the Connell plug gold-quartz discovery in the eastern section. Here old reports refer to a "T-4" structure with a length of 300 feet indicated by drilling with a downward extension to at least 300 feet. The width is taken as averaging 12 feet and the probable tonnage in this section being 90,000 tons. Although the grade was not calculated, H. Bambrick in his report of March 31, 1947, wrote that "it is safe to assume that these values are commercial."

The third major zone, the Beacon Shaft gold zone, was discovered by the Beacon Mining Co. in 1947. A lens 360 feet long, 5 to 25 feet thick, occurring between the 200 and 300 foot levels was estimated to contain 37,000 tons averaging 0.6 oz/ton gold.

Another zone, about which little is known at the present time, is the #2 vein zone, discovered in 1936 approximately 1,700 feet south of the Le Roy vein. Drill holes reportedly cut high gold values in 100 foot-spaced holes over separate segments of 700 and 1,200 feet. No large-scale effort was made to locate copper deposits until 1968, following discovery of the Louvem deposit on a site adjacent to the Beacon property. Since that time, several copper zones have been established, the most promising of which is designated zone "E", with estimated reserves of 150,000 tons averaging 1.75% copper per ton.

Since optioning the Beacon property in 1979, D'Or Val Mines has undertaken additional drilling and testing, resulting in a large number of gold showings.

The most significant results are those reported recently from results of drilling a large anomaly 600 ft north of the Le Roy (Beacon #2) zone. This anomaly, designated zone "A", was discovered by Prospecting Geophysics Ltd. It has a length of 3800 ft and a possible faulted section extending it another 1000 ft at the east end.

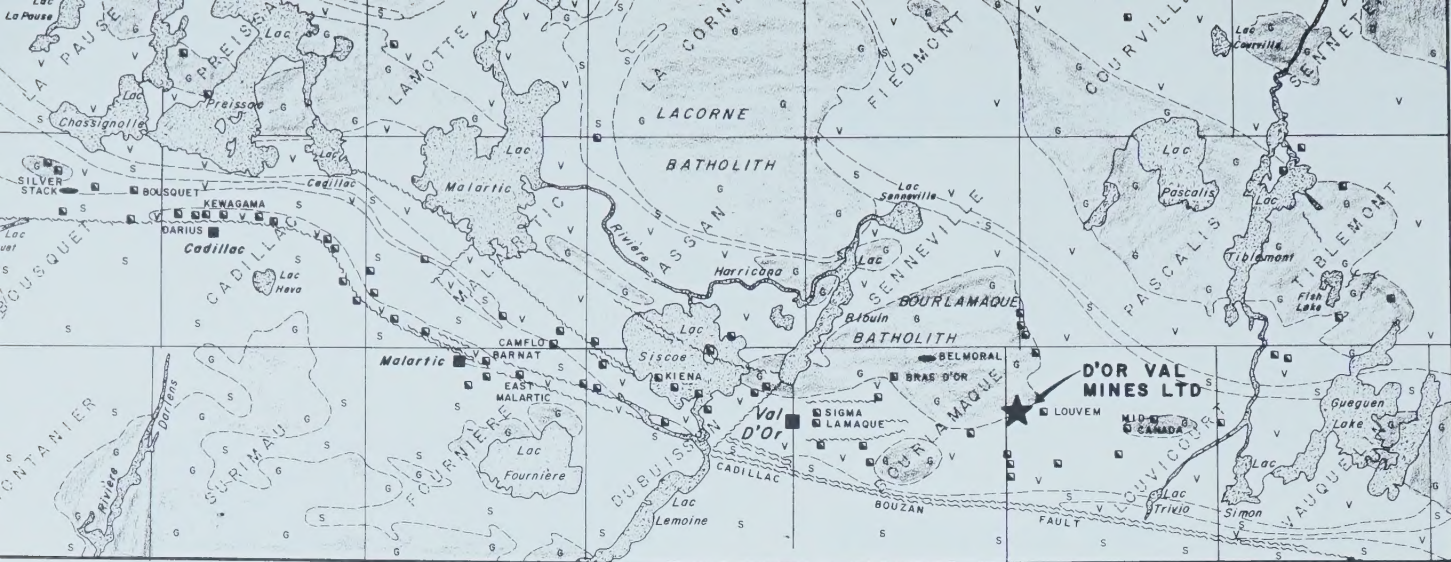
Recent drill results, besides yielding the high grade gold values as depicted on our cover, also indicated a very wide zone of gold assaying 0.24 ounces per ton over a 58 ft width. This is very impressive and suggests that we may have a new mine in the Bourlamaque Batholith. The zone is very wide and the grade, even without the rich high-grade gold section, is typical of many of the producing gold mines in the area. A second diamond drill rig has been ordered to speed up the drill program.

Future development

The company's properties are located only 10 miles east of Val d'Or, Quebec, a city of 20,000 people. Supplies, contractors and qualified manpower are therefore readily available. The properties also enjoy good road access, and can easily be serviced with power and water. In short, all the requisites for rapid and relatively low-cost development can be satisfied.

Initially, D'Or Val Mine Ltd. proposes to let a contract for a decline ramp which would completely mine the previously reported 37,000 tons of gold ore at the Beacon #1 shaft, approximately one mile northeast of the Le Roy (Beacon #2), with material being stockpiled at the site prior to trucking to a nearby mill. This would be a complete turnkey agreement under which the contractor provides all men, material and equipment. Work will commence immediately upon signing of the agreement which is now being drafted.

D'Or Val Mines Ltd. will also continue drilling the new "A" zone to determine the size, grade and exact location of the numerous gold veins now being discovered. Further results of this work will continue to be sent out in regular reports to shareholders.



Plan showing general regional geology, present and/or former producers, and D'Or Val Mines property location along the Cadillac-Bouzan Fault, in the Val D'Or Mining Camp, P.Q.

LEGEND

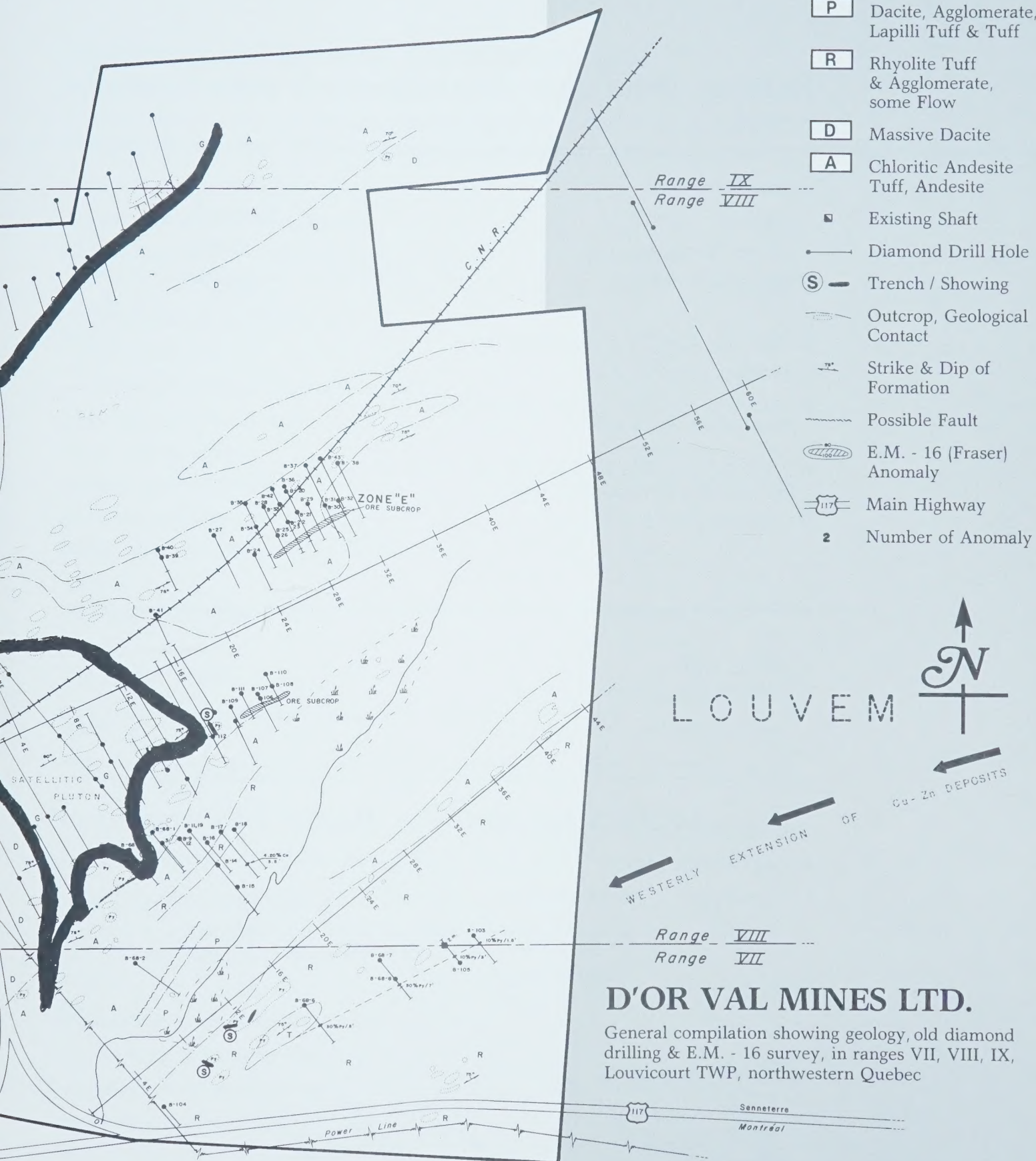
- G** GRANITE and/or GRANODIORITE, SYENITE
- S** SEDIMENTS, "Temiscamian-Type"
- V** VOLCANICS, "Keewatin-Type"
- MAJOR FAULT
- PRODUCERS / FORMER and/or PRESENT
- PRESENT PRODUCER (GOLD), Identified

0 1 2 3 4 miles



LEGEND

- G Granodiorite
- P Dacite, Agglomerate, Lapilli Tuff & Tuff
- R Rhyolite Tuff & Agglomerate, some Flow
- D Massive Dacite
- A Chloritic Andesite Tuff, Andesite
- Existing Shaft
- Diamond Drill Hole
- S Trench / Showing
- Outcrop, Geological Contact
- 70° Strike & Dip of Formation
- ~~~~~ Possible Fault
- E.M. - 16 (Fraser) Anomaly
- 117 Main Highway
- 2** Number of Anomaly



D'OR VAL MINES LTD.

General compilation showing geology, old diamond drilling & E.M. - 16 survey, in ranges VII, VIII, IX, Louvicourt TWP, northwestern Quebec



Balance Sheet *October 31, 1980*

ASSETS

CURRENT ASSETS

Cash	\$ 113,012	
Term deposits	92,500	
Accounts receivable	<u>166,606</u>	\$ 372,118

MINING EQUIPMENT, at cost (Note 5(a)) 124,200

OFFICE EQUIPMENT, at cost 2,197

INTEREST IN MINERAL CLAIMS AND OIL AND GAS
PROPERTIES, at cost (Note 2) 60,550

DEFERRED EXPLORATION AND ADMINISTRATIVE
EXPENDITURES, per attached statement 127,743

INCORPORATION COSTS 818
\$ 687,626

LIABILITIES

CURRENT LIABILITIES

Accounts payable \$ 93,826

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 3)

Authorized:	10,000,000 shares of no par value		
Issued:	2,005,001 shares for cash	\$ 586,500	
	730,000 shares for mineral properties	<u>7,300</u>	
	<u>2,735,001 shares</u>		593,800
			<u>\$ 687,626</u>

Approved by the Directors:

Statement of Deferred Exploration and Administrative Expenditures

for the period from date of incorporation October 4, 1979 to October 31, 1980

EXPLORATION EXPENDITURES

Louvicourt Township claims, Quebec		\$ 55,128
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Beacon Property, Amos Mining Division, Quebec	\$ 197,889	
Less: Net recovery on sale of development ore	<u>157,304</u>	40,585

95,713

ADMINISTRATIVE EXPENDITURES

Wages and benefits	3,128
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Accounting and audit fees and disbursements	5,522
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Legal fees and disbursements	10,212
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Travel and promotion	1,365
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Bank charges and interest	42
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Regulatory authority fees	2,160
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Office expense including rent and telephone	5,904
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Printing	3,154
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Management and supervision	10,050
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41,537

Less interest income	9,507	<u>32,030</u>
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TOTAL DEFERRED EXPENDITURES — to balance sheet		<u>\$ 127,743</u>
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Statement of Changes in Financial Position

for the period from date of incorporation October 4, 1979 to October 31, 1980

SOURCES OF WORKING CAPITAL

Proceeds from sale of shares from the treasury	\$ 586,500
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Issue of shares for mineral properties	<u>7,300</u>
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\$ 593,800

APPLICATION OF WORKING CAPITAL

Acquisition of office equipment	2,197
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Acquisition of mining equipment	124,200
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Acquisition of interest in mineral properties	60,550
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Incorporation costs	818
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Exploration and administrative expenditures (net of ore sales — per attached statement	<u>127,743</u>	<u>315,508</u>
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WORKING CAPITAL AT END OF THE PERIOD		<u>\$ 278,292</u>
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Auditors' Report

To the Shareholders of D'Or Val Mines Ltd.

We have examined the balance sheet of D'Or Val Mines Ltd. as at October 31, 1980 and the statements of deferred exploration and administrative expenditures, and changes in financial position for the period from date of incorporation October 4, 1979 to October 31, 1980. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at October 31, 1980 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

Vancouver, Canada
January 8, 1981

Murray A. Thompson
Chartered Accountants

Notes to Financial Statements *October 31, 1980*

1. ACCOUNTING POLICIES

In common with most mining companies in the exploration stage the company defers all direct expenditure on properties and areas in which it is interested and all administrative expenditure. At such time as the company loses or abandons title or its interest in any property the accumulated expenditure on such property and the attributable portion of administrative expenditure are charged to deficit. If any property reaches commercial production applicable deferred expenditure will be amortized over the productive period.

No depreciation has been recorded on the company's equipment as substantially all of it has not yet been put into service.

2. INTEREST IN MINERAL CLAIMS AND OIL AND GAS PROPERTIES

(a) Louvicourt Township claims, Quebec

The company has been assigned an option to acquire this property for the following consideration:

— Reimbursement of assignor's costs incurred	\$	1,500	
— Issue of 730,000 escrowed shares of the company			
— deemed value		7,300	
— Assuming option payments totalling \$224,000 (\$15,000 due within one year) over a period of 54 months from the date of the approval of the agreements by the regulatory authorities			
— paid		9,000	
			\$ 17,800
Carried Forward	\$		17,800

Notes to Financial Statements *October 31, 1980*

2. INTEREST IN MINERAL CLAIMS AND OIL AND GAS PROPERTIES — *Continued*

Carried Forward \$ 17,800

- Of the option payments up to \$200,000 may be settled by issue of shares of the Company at an average trading price for the last 10 days before payment
- Keep claims in good standing during the term of the agreement

(b) Beacon Property, Amos Mining Division, Quebec

The company has an option to acquire this property for the following consideration:

— Cash on execution of agreement — paid	\$ 7,500
— Option payments:	
By November 1, 1980	\$ 10,000
By November 1, 1981	20,000
By November 1, 1982	30,000
By November 1, 1983	40,000
	<u>\$100,000</u>

The option payments may be made 50% by issue of shares of the company at an average price for the last 30 days prior to payment.

- Commitment to drill 3 drill holes totalling 3,000 feet by January 1, 1981.
- Granting a royalty of the greater of 4% of net smelter returns or 20% of production profits payable by annual minimum installments of \$10,000 commencing January 1, 1985 — such accumulated payments to apply on actual royalties payable as calculated on above basis.
A portion of the optionor's royalty interest may be acquired by the company through additional cash payments.

7,500

(c) A.T. Syndicate

The company has purchased four units of a geological exploration venture called the A.T. Syndicate which has an initial two year programme to explore for gold and tin mineralization throughout Canada. The company has paid

12,000

Carried Forward \$ 37,300



Notes to Financial Statements *October 31, 1980*

2. INTEREST IN MINERAL CLAIMS AND OIL AND GAS PROPERTIES — *Continued*

Carried Forward \$ 37,300

- (d) FCD — 1980 "B" II Program — Kingfisher, Garfield and Logan Counties, Oklahoma, U.S.A.

The company purchased 0.238759% of the net revenue interests in ten oil and gas wells to be drilled at a cost of

23,250

\$ 60,550

3. SHARE CAPITAL

During the period 2,005,001 shares were issued for cash of \$586,500 and 730,000 shares were issued for mineral properties. Of the issued and outstanding shares, 730,000 shares are subject to escrow conditions and may be released only on approval by regulatory authorities.

4. DIRECTORS' REMUNERATION

No remuneration was paid during the year to any of the directors in their capacity as such, while a company with which two of the directors are associated was paid and credited with a total of \$19,123 in respect of office rent and services and management and supervision.

5. RELATED PARTY TRANSACTIONS

- (a) Mining equipment was acquired from two directors of the company and another party at their cost of \$124,200
- (b) Under an agreement to acquire the Louvicourt Township mineral claims, two directors were issued a total of 486,667 shares subject to escrow conditions

6. SUBSEQUENT EVENTS

- Under an agency agreement, the company sold 200,000 treasury shares for total net proceeds of \$952,397. Under the same offering 400,000 Series "A" warrants were issued. These warrants entitle the bearer to purchase up to 200,000 shares from the capital stock of the company at a price of \$5.40 per share, on or before May 12, 1981.

The company also issued Series "B" share purchase warrants for the bearer to purchase up to 100,000 shares of the company at a price of \$5.40 per share on or before May 12, 1981.

- The company has granted incentive share options to its three directors to purchase a maximum of 146,750 shares from the capital stock of the company for \$5 per share until November 25, 1981 and \$5.25 per share during the year ended November 25, 1982. The above share issues are subject to the approval of the regulatory authorities.

